

Washington - This morning Congressman Charlie Wilson (D-OH) testified before the U.S. International Trade Commission. The ITC is conducting hearings today and tomorrow on whether current tariffs on hot-rolled carbon steel from eleven countries should remain in place. Wilson serves on the Executive Board of the Congressional Steel Caucus. He testified that the tariffs prevent foreign steel producers from unfairly dumping their products into the U.S. market at subsidized prices and should be kept in place. The ITC is expected to rule in about two months.

Background:

Under World Trade Organization rules and U.S. law, the U.S. ITC is required to conduct a 5-year review regarding antidumping and countervailing duty orders on hot-rolled carbon steel flat products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.

The orders at issue are essential to preserving such a market. The last time these countries had unrestricted access to the United States, their shipments soared from 1.25 million NT in 1998 to 4.15 million NT in 2000 - an increase of 232 percent in only two years. Significantly, this surge in imports took place while domestic producers were trying to recover from another surge of documented unfair trade in hot-rolled steel from Brazil, Japan, and Russia. The combination of these two surges triggered a massive crisis among American hot-rolled steel producers that ultimately forced many of the nation's oldest and largest producers of hot-rolled steel (including Bethlehem, National, and LTV) into bankruptcy and liquidation.

Ohio has been home to generations of American steelworkers and the United Steelworkers argue the threat to domestic producers is greater now than it was during 2000.

Wilson's Testimony:

"Mr. Chairman and Members of the Commission, I am pleased to be able to testify before you today on the question of keeping antidumping and countervailing duty orders on hot-rolled carbon steel flat products imported from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine. I believe that retaining these orders is crucial to achieving an international trading system based on the rule of law and to allowing the domestic steel industry a chance to fully recover from the harm done by these unfairly traded imports. This is an issue that is fundamental to the long term future of the steel industry in this country and one which I and many working families in the Sixth District of Ohio care deeply about.

In the ten years that I served in the Ohio House and Senate, I fought to stimulate and preserve job opportunities for Ohio's workers and their families. As a Member of Congress, I have continued that effort. Among other things, I'm proud of being a part of the effort that acquired federal funding for entrepreneurship development initiatives in Ohio and proud to have participated in the successful initiative to raise the federal minimum wage. As a member of the House Committee on Financial Services' Subcommittee on Domestic and International Monetary Policy, Trade, and Technology, I have had the opportunity to push for trade

agreements that are fair to American workers. But all this effort and success will be meaningless if we allow unfair trade to undermine industries like this one that provide good-paying jobs for our citizens.

Ohio has been home to generations of American steelworkers. It has been a difficult struggle for these workers and their families as the steel industry downsized and consolidated in the face of the prolonged assault by imports earlier in this decade. But with the orders against unfairly traded imports in place, the steel industry has finally managed to get back on track. Although greatly reduced in size, there still are some 22,000 steelworkers in Ohio, with an annual payroll of \$1.34 billion and shipments of about \$6 billion in steel products each year. It would defy all common sense to abandon the industry at this point.

It would also be inconsistent with our trade laws. The Commerce Department has reported that the countries subject to these orders, if given an opportunity, would ship unfairly traded steel to our shores again. Indeed, the Department found that, once the door to our steel markets is reopened, we can expect dumping margins ranging from 4.44 percent to 243.6 percent, and for subsidized products, margins ranging from 4.44 percent to 41.69 percent. In the face of such a surge of dumped and subsidized imports, U.S. producers will have to choose between losing sales or cutting prices to the point where continued investment in recovery is out of the question and their survival will once again be put in jeopardy. Either way, the effect will be the same: another shrinking of the industry and another round of job losses.

Without these orders in place, it is all but inevitable that a new surge in unfairly traded imports will materialize. The dynamics of a world steel market characterized by rampant and chronic oversupply guarantee it. With countries like China and India dramatically expanding steelmaking capacity and countries like Ukraine exporting more than three-quarters of their steel production, the excess has to go somewhere. Historically, because the U.S. market is the most open in the world, the world's surplus steel comes here and it comes in vast quantities. There is no reason to think that things will be different this time.

In the television detective shows, the investigators trying to identify a criminal seek to establish two factors: motive and opportunity. If a suspect has both, he or she is likely to be the perpetrator. In the cases before you today, there is a list of 11 suspects. Each of them has a motive -- overcapacity -- more steel production than their home markets can possibly absorb and, in total, more than the world markets can absorb. So they not only have a motive to trade unfairly, they have an imperative. It is up to this Commission to decide whether to present them with the opportunity to again violate our trade laws.

Unfortunately, it's not much of a mystery as to what they will do. We won't be on the edge of our seats very long before we are once again awash in unfairly traded steel, with the domestic steel producers reeling and decent jobs disappearing. I have eight grandchildren and I don't want to have to explain to them one day that the reason we have so few decent-paying jobs is because America let other countries get away with breaking the rules of fair trade, and that we stood by silently while foreign companies with the support of their governments systematically reduced our steel industry to a shadow of its former self.

The steel industry can only take advantage of the many opportunities available in the economy

when it is not beset by imports tainted by unfair trade. This can happen only if our trade policies are upheld and the rule of law rather than the law of the jungle prevails. American workers and their families expect and deserve no less. That is why today I strongly urge you to renew the orders on hot-rolled carbon steel flat products.

I thank you for this opportunity to testify and am happy to answer any questions the panel may have."

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